



Antecedents of internal marketing practice: some preliminary empirical evidence

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Abstract

Purpose – Service employees are reported to influence negatively the development of a market orientation hindering thus the service company's effort to become more customer centric. A way to overcome this barrier is the implementation of internal marketing (IM) programs. However, the extant literature reports that the number of companies practicing marketing internally is disproportionate small compared to the number of companies trying to adopt the market orientation concept. Hence, the purpose of this paper is to offer a preliminary insight regarding the antecedents of practicing marketing internally.

Design/methodology/approach – To do this, data were collected from 583 first-line personnel from 29 five and four stars hotels in Greece through personal interviews in order to investigate the impact of company culture and internal-market orientation (IMO) as antecedents of IM and investigate the effect that the company's culture, IMO and IM have on employee's job satisfaction at the individual's level.

Findings – The analysis involved multilevel SEM and demonstrates that the company's culture influences the adoption of the IMO concept, which in turn is an important antecedent to the implementation of IM programs. Moreover, employee's job satisfaction level is directly conditioned by the degree to which the company has adopted the IMO concept and practices IM, although the effect of the former is significantly stronger than the latter.

Research limitations/implications – Various directions for future research open from this study, which address the limitations of this study while facilitating further understanding of how the adoption of the IMO concept can complement the company's espousal of marketing philosophy. For instance, although assessing the impact of the IMO concept adoption and IM practice on the adoption of a market orientation and on customer satisfaction is beyond the scope of the present study, future research towards this direction through an integrated conceptual framework would be particularly helpful and welcome.

Practical implications – The practical implication from this paper is that IM programs, in order to be effective, require that the company is willing to invest in adjusting its culture and also in adopting the IMO concept, which translates to investing in understanding what the employee's value, developing bidirectional communication channels and becoming responsive to the needs of its employees.

Originality/value – This is the first study addressing the role of company culture and IMO adoption as antecedents of IM programs. Hence, it makes a contribution for both scholars and practitioners alike since the former derive a more comprehensive framework of studying further the practice of marketing internally while the latter obtain a more pragmatic picture of the actions required prior to launching an IM program.

Keywords Internal marketing, Market orientation, Job satisfaction, Organizational culture

Paper type Research paper



Introduction

Competitive intensity drives many service companies to seek a competitive advantage through market-orientation and improved customer service in order to derive customer satisfaction (CS) and loyalty (Van Egeren and O'Connor, 1998). However, service employees condition the company's ability to implement market-orientation in practice (Harris and Ogbonna, 2000) and this explains the need to "marketing" the company's customers to the company's employees remains strong (Webster, 1992; Piercy, 1995). For this purpose, companies apply "Internal Marketing" (IM) programs (Berry *et al.*, 1976; Berry, 1981; Grönroos, 1981; George, 1990).

The rationale is that IM programs influence employees' performance and CS by increasing employee's level of job satisfaction. Along this line, marketing scholars focusing on the internal role of the marketing function concur that employees' job satisfaction is an internal, intermediate, objective of the marketing philosophy with service excellence and CS in mind (Grönroos, 1983, Deshpandé and Farley, 1998, Bansal *et al.*, 2001; Gounaris, 2006). Hence, the need to practice IM.

Ahmed *et al.* (2003) repost that IM programs influence positively employees' level of job satisfaction. Along the same vein, an earlier study by Boshoff and Allen (2000) investigated selected elements of an IM program, such as empowerment, reporting a positive impact on employee's performance and job satisfaction. This growing body of knowledge regarding the impact of IM on employees' job satisfaction and performance and the significance of employee's job satisfaction on CS would lead one to expect that, as the number of companies adopting customer orientation increases so would the number of companies practicing IM. However, this is not entirely the case since the number of companies implementing IM remains relatively small (Rafiq and Ahmed, 2000). It appears thus that scholars need to further elaborate on the antecedents of IM practice.

Towards this direction, a very relevant research paradigm from which an analogy can be drawn is the research stream on the market-orientation concept (Gounaris, 2005). Extant literature has substantiated that the adoption of the market orientation concept improves the level of adoption as well as the effectiveness of marketing practice (Narver and Slater, 1990; Hooley *et al.*, 1990). Moreover, there is empirical evidence, albeit slim, that the company's cultural archetype influences both the adoption of the market orientation concept and, indirectly, the practice of marketing (Deshpandé *et al.*, 1993; Day, 1999).

By analogy then, one can expect that adopting the internal-market orientation (IMO) concept will have a positive impact on the practice of marketing internally (Berry, 1987; Greene *et al.*, 1994). Similarly, the company's cultural archetype should also have some explanatory power when trying to establish what drives companies to practice IM or not.

To this end, the scope of this paper is to provide a preliminary investigation regarding the precedent role of the company's cultural archetype and degree of IMO adoption on the implementation of IM programs, while investigating the impact on employee's job satisfaction within an integrated research model. The rest of the paper is organized as follows. First, an extensive literature review is offered and relevant hypotheses are developed. Then the methodology of the study and the analysis of the data are presented. The paper closes with the conclusion and the limitations and future research sections.

Employee job satisfaction and its marketing implication for service organizations

The significance of job satisfaction in order to derive employee-level and organizational-level success is not new in the marketing literature, albeit most of the marketing scholars studied job satisfaction in relation to the management of the sales team (Bagozzi, 1978; Beltramini and Evans, 1988; Brown and Peterson, 1993). This stream of research produced evidence that the degree of job satisfaction relates to the sales person's customer orientation and, ultimately, to CS (Saxe and Weitz, 1982; Sigauw and Brown, 1994; Burnthorne *et al.*, 2005). Hence, the need to monitor the degree of job satisfaction of the sales team and ensure their satisfaction with their job, a task that involves the marketing function in human resource related activities (Schwepker and Good, 2004). This means that sales people job satisfaction becomes an important internal goal for marketing.

In the context of service provision the intangible nature of the product renders employees one of the most crucial parameters in the value generation process of the service organization. Irrespectively though of the nature of the service, employees working in the "first-line" interact with customers. They need to understand the customer's needs and match their company's service offering with specific customer needs. Moreover, they collect intelligence on competition, they help the company clarify what the needs of customer exactly are and assess the company's ability to satisfy them, they promote the company's overall image and the image of the company's products and so on. Although organizationally first-line employees are not part of the marketing or the sales department, functionally they play a role very similar to the one that sales personnel plays that justifies their description as "part-time marketers" (Gummesson, 1991).

Back-office personnel, although not directly interacting with customers, they also affect customer experience. Their willingness to respond timely to customer requirements that their front-desk colleagues pass them on or to make the "extra effort" in order to handle a customer request or complain explains why they are a valuable link in the customer value-generation chain (Zeithaml *et al.*, 2001).

Pertinent to the importance of the service personnel in implementing the marketing strategy are the findings of a recent study by Harris and Ogbonna (2000). The authors report that a major difficulty relates to service employees' reluctance and resistance to the concept of market orientation and their lack of service consciousness.

The evidence that employees may resist the development of market orientation is slim but compelling: Kelley (1992) reports that employees' resistance to change may deter a company from offering superior service. Morgan and Piercy (1991) argue that ignorance and lack of training may explain this resistance, while employees may also feel that they may lose political power and status in the organization by becoming more customer-minded (Harris, 2002). Moreover, one has to take into consideration that not all employees are equally enthusiastic with the idea of making the extra effort that is frequently necessary in order to meet customers' expectations. Certain personality characteristics influence the employee's tendency to be customer oriented or not (Brown *et al.*, 2002). As a result, employees who lack, for instance, openness and extroversion can hardly be genuinely customer oriented (Brown *et al.*, 2002). When management attempts to promote a certain service climate, such employees may strive to match their behavior with the principles and ways of the marketing philosophy but this effort usually results to emotional dissonance (Rafaeli and Sutton, 1987), which in turn results to emotional

exhaustion (Morris and Feldman, 1997), role stress and eventually to job dissatisfaction (Dewettinck and Buyens, 2003). This eventually becomes an important barrier of the effort to meet customers' expectations, jeopardizing thus the entire marketing effort (Gummesson, 1987; Longenecker and Meade, 1995).

The case for internal marketing and its operationalization

Back in the late 1970s, Berry *et al.* (1976) recognized the importance of having employees satisfied prior being able to satisfy the needs of the customer. As a result, they argued that employee's needs satisfaction, for the customer-focused service organization, is as much important as CS is because the company's ability to keep this promise is highly dependent on the extent to which employees are customer centered (Narver and Slater, 1990; Kohli and Jaworski, 1990). Thus, particularly for the service organization, marketing has an additional, internal, role that is to ensure that service employees are customer conscious and also satisfied with their job. Hence, the need for IM.

Although Felton (1959) was among the first to notice the importance of employees in delivering superior value to the customer, it is Berry *et al.* (1976) who first referred to the need for marketing the customers internally. The original idea is that the management of the service company can apply "marketing-like" techniques in order to derive the internal service climate that meeting customer needs requires on the basis that CS and employee satisfaction (ES) are two interrelated constructs.

Later authors have attempted to provide more evidence regarding the interrelationship between ES and CS. Heskett *et al.* (1997) suggests that the satisfaction of employees "reflects" on customers and vice-versa resulting in a cycle of "good service". The ultimate result of the cycle Heskett *et al.* (1997) proposed was increased profitability.

Several investigators have attempted to demonstrate the existence of the satisfaction mirror, however, the results are quite controversial. For example, working in a retail setting (grocery supermarkets) Silvestro and Cross (2000) confirmed linkages between CS and revenue, but failed to show a linkage between ES and revenue or CS. Similarly, Pritchard and Silvestro (2005) were unable to find a relationship between EM and CS. Along the same line, in an extensive study of the retail banking industry in Brazil, Kamakura *et al.* (2002) were unable to support the proposed satisfaction-mirror effect proposed by the service profit chain.

On the other hand, Tornow and Wiley (1991) using data from the computer-based processing services industry (e.g. payroll, tax filing services to business customers), they reported a strong positive association between ES and CS. Similarly, Schmit and Allscheid (1995) using data from 9,000 employees of a large security systems company report that the customers' satisfaction level increases as the employees' attitude towards the company and their supervisors improves. Also, more recently, Schneider *et al.* (2003) report similar results from a survey of the most "admired companies in America" while, in addition, they also established a relationship between ES and company financial performance.

While from the above discussion it appears that the results regarding the ES – CS relationship are controversial, it should be noted that the empirical findings in favor of this relationship are derived based on multilevel analysis. This analysis is more appropriate when there are good reasons to expect that the structure of a sample itself may explain a significant fraction of the variable's variance (Heck, 2001).

Therefore, in this study we tentatively adopt that ES and CS are indeed two interrelated notions and this interrelationship justifies the need to practice marketing internally.

Nevertheless, the operational description of IM remains disputable. For instance, Naudé *et al.* (2003) report that socialization (e.g. organizational fit, identification with the company), employee participation in decision making, commitment, accuracy and openness of communication are aspects of an IM program. According to Bansal *et al.* (2001) an IM program entails training with an emphasis on the specific service tasks that employees have to accomplish, employee empowerment, sharing information pertaining to customer needs and rewarding employees based on the customer service level they offer. Berry and Parasuraman (1991) suggest that IM entails the company's effort to improve its attractiveness as potential employer so that the company can attract, select and retain the best employees in delivering excellent quality of service to external customers.

Thus, although a consensus of the operational meaning of IM has not yet developed, it appears that the "marketing-like" techniques implied by Berry *et al.* (1976) involve actions such as employee attraction and selection, employee socialization, empowerment, participation in decision making and establishment of accurate and open information between employees and management. These facets of an IM program help managers to derive greater levels of employee job satisfaction and scholars to operationalize the notion of IM. However, what both managers and scholars have to bear in mind is that all these actions take place under a specific framework that is customer driven and focused, which in turn explains why IM is different from human resource management.

To give an example, increasing the company's attractiveness as employer is clearly a task for the human resource management function. The issue is what kind of employees the company would like to attract. Pertinent research findings suggest that customer orientation starts at the individual's level and certain personality traits make it easier for the employee to focus on customer's needs and be responsive to these needs (Brown *et al.*, 2002). An IM program would thus aim to understand what such employees' value and try to become responsive to their needs in order to increase the company's attractiveness as potential employer to the specific segment of future employees who share such personality characteristics as openness and extroversion. Consequently, unless the practice of IM takes place with the company's external customer in mind it is likely to be nothing more than standard human resource management practice (Mudie, 2003).

In summary, 20 years of scholar enquiry regarding IM would seem to converge on the following:

- IM grounds on the relationship marketing paradigm (Grönroos, 1981);
- the scope of IM programs is to increase the company's service effectiveness and ability to attain customer related objectives such as CS (Piercy, 1995; Grönroos, 1997);
- to do this the objectives of an IM program are increasing ES and improving interdepartmental integration (Berry, 1981; Gummesson, 1987; Ballantyne, 2003); and
- fulfillment of these objectives requires various employee-related actions such as empowering employees to take on-the-spot decisions (Hartline and Ferrell, 1996),

increasing their participation in making decisions pertaining to customer service policies and procedures (Davis, 2001; Varey, 1995) and decreasing the formality of the communication between subordinates and supervisors (Infante *et al.*, 1993).

IM and the internal-market orientation concept

Despite that customer consciousness and market orientation become increasingly popular among organizations, practitioners are not equally favorable when it comes to implementing IM programs (Rafiq and Ahmed, 2000). A recent study by Ahmed *et al.* (2003) has shown that a “marketing-like philosophy” positively moderates the impact of an IM program on employees’ job satisfaction and organizational market orientation, increasing thus the likelihood that a company will implement an IM program. According to Lings (2004) and Gounaris (2006), IMO represents this “marketing-like philosophy”. However, in order to portray in a comprehensible manner the difference between an IM program and the concept of IMO the work by Borch (1964), who makes the distinction between a philosophy and a concept, is particularly useful.

Following his work, there are three possible ways to classify marketing: as a philosophy, as a concept and as practice. “Philosophy” represents the broad umbrella that governs the business life; “concept” is the recognized way of operating within the climate that the philosophy has set; and “practice” is the implementation of specific actions within the broader framework that a concept defines (McGee and Spiro, 1988).

During the last 15 years a considerable amount of scholar enquiry has focused on the development of a “market orientation” (Kohli and Jaworski, 1990; Narver and Slater, 1990). Under the market orientation paradigm, the customer becomes the company’s focus and the company is willing to invest in satisfying the needs of its customers. This represents the heart of the market orientation philosophy (McGee and Spiro, 1988). Companies adopting this philosophy become more sensitive to customer-needs related intelligence striving to understand what the customer expects and become responsive to these needs (Kohli and Jaworski, 1990). This sensitization manifests the adoption of market orientation as a concept. Adopting the market orientation as a concept leads companies to take specific actions such as market segmentation and targeting, systematic market research, new products development based on specific customer needs and so on (Gounaris *et al.*, 2004).

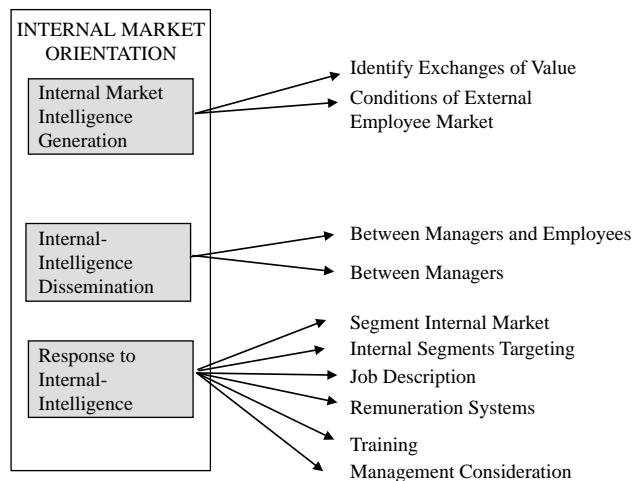
However, as pointed earlier service employees’ may be reluctant and resistant to the marketing philosophy and the concept of market orientation (Harris, 2002; Harris and Ogbonna, 2000; Kelley, 1992). Consequently, the management may consider the implementation of an IM program in order to overcome such difficulties and establish the market orientation concept (Berry, 1981; Grönroos, 1981; Rafiq and Ahmed, 1993). However, exactly as the adoption of the market orientation concept influences the company’s (external) marketing practices, the adoption of the IMO concept conditions the company’s IM practices.

Piercy (1995) was the first to raise the issue suggesting that companies have to attempt develop a symmetry between their external (customer) orientation and their internal (employee) orientation. Building on previous literature pertaining to IM, he suggested that unless the internal climate promotes the adoption of the market orientation concept the company can never truly adopt marketing as a philosophy and be customer focused. Hence, the need to develop an IMO, a concept complementing market orientation under the broader adoption of marketing as a philosophy (Gounaris, 2006).

As such, IMO is conceptually different from the notion of service climate that Schneider (1980) discusses, because climate, in general, describes the shared perceptions of employees concerning the practices, procedures, and kinds of behaviors that get rewarded. As such, climate is best regarded as a specific construct having a referent – a climate must be a climate for something (Schneider *et al.*, 1994). Consequently, a service climate manifests a prevailing perception that the company’s employee may hold regarding the importance that the company’s management puts on customer service. Nevertheless, this does not necessarily ensure ES since the adaptation of the employees’ behavior according to what they know that the company’s management wants and rewards them for may produce, depending on the individual’s personality (Costa *et al.*, 1984; Wilk *et al.*, 1995), cognitive and emotional dissonance as well as job dissatisfaction (Phillips *et al.*, 2006).

On the other hand, the conceptualization of IMO is analogous and complementary to the concept of market orientation and falls under the broader notion of marketing philosophy. Thus, while market orientation focuses on the needs and the expectations of the customer, IMO focuses on the needs and expectations of the company’s employees that, in turn, the company seeks to satisfy through IM programs (Berry, 1981; Grönroos, 1981; Tansuhaj *et al.*, 1988; Rafiq and Ahmed, 1993). Research on IMO is particularly young. According to Lings (2004) IMO comprises of three sub-dimensions, namely the effort to collect internal-market related intelligence, the internal communication between supervisors and subordinates and the company’s response to internal-market intelligence with the aim of developing employee job satisfaction. Gounaris (2006) suggests that IMO adoption does not signalize an introverted company. IMO enhances the effectiveness of marketing practice internally, which in turn results to greater employee job-satisfaction levels. As a result, service employees become more customer minded (Grönroos, 1993), which in turn results to increased ability for the company to meet the expectations of its customers (Mohr and Henson, 1996; Foster and Cadogan, 2000; Conduit and Mavondo, 2001). Figure 1 shows the notion of the IMO concept.

As Figure 1 shows, each of the three major dimensions is comprised of different sub-dimensions, each capturing a different facet of the concept. For instance, internal



Source: Gounaris (2006)

Figure 1.
The concept of
internal-market
orientation

intelligence collection involves an effort to identify what employees' value in exchange for the labor they offer, what the conditions in the labor market are and how these conditions affect the relationship between management and employees. Similarly, internal communication has two faces: the first refers to the communication between managers and employees, while the second captures the communication between managers from different departments and hierarchical levels. Lings (2004) and Gounaris (2005, 2006) offer a detailed discussion of the major dimensions and the sub-dimensions of IMO.

Company culture as an antecedent to the IMO concept adoption

Having conceptualized the IMO concept as an integral concept of the marketing philosophy complementing the market orientation concept, it is reasonable to expect that the company's cultural archetype will be a significant antecedent to the adoption or not of the IMO concept, along the same lines that the company's culture influences the adoption of the market orientation concept. The following paragraphs ground this hypothesis based on relevant literature.

Quinn and Rohrbaugh (1983) advanced scholar enquiry on organizational culture through the Competing Values Model. In their view, two key dimensions define four culture archetypes: the first relates to the emphasis the organization places on flexibility, spontaneity and individuality (i.e. organic orientation) as opposed to control, stability and order (mechanistic orientation). The second relates to the emphasis placed on smoothing operations and integration (i.e. internal maintenance) as opposed to emphasis on competition and environmental differentiation (i.e. external positioning). These two dimensions produce four types of cultural archetypes, namely:

- (1) the Market type, emphasizing competitiveness and goal achievement (external-mechanistic orientation);
- (2) the Clan type, promoting cohesiveness and participation along with smoothing internal operations through interpersonal cohesion (internal-organic orientation);
- (3) the Ad hococracy type, promoting an entrepreneurial and creative approach in dealing with organizational problems (external-organic approach); and
- (4) the Hierarchy type, stressing order and rules while emphasizing regulations (internal-mechanistic approach).

Although companies rarely adopt a single type, it is possible to identify a dominant archetype for each company (Quinn and Rohrbaugh, 1983). Consequently, culture represents the set of shared assumptions about organizational functioning (Deshpandé and Webster 1989, p. 4). Culture thus explains what organizations do and why clearing thus the picture of how organizations develop.

Research in marketing *vis-à-vis* the company's culture is extremely slim and focused mainly on the market-orientation domain (Kasper, 2001). In addition, findings appear to be rather contradicting. For instance, there is evidence to suggest that the market-orientation concept is primarily associated with the market-type organization and least with the hierarchy-type organization (Deshpandé and Webster, 1989; Deshpandé *et al.*, 1993). Day (1999, pp. 54-5), on the other hand, holds that the *ad hoc*ocracy-type of organization is most congruent with market orientation because it values flexibility and adaptability while maintaining a primary focus on the external environment. A study in the UK adds

further to the perplexity by producing evidence in support of a strong positive association between participative and supportive leadership style and market orientation development (Harris and Ogbonna, 2000).

Interestingly, enough, all these studies involved cases from various sectors of the economy, services included. However, particularly in the services context, earlier writers provide strong normative support for the findings of the Harris and Ogbonna (2000) study. According to Hofstede (1991, p. 180) market oriented service organizations that adopt the market orientation concept are, in general, more pragmatic, results and risk oriented (market-type archetype), with loose control systems and with an interest in people (clan-type archetype). Particularly when it comes to people, market-oriented organizations stress the importance of team-work and respect while establish their employee-related policies on a climate based on integrity (Berry, 1999). This “female-way” of leadership (Kasper *et al.*, 1999) puts emphasis on social interaction while interest in employees and care about their needs are among the most significant priorities of market-oriented service organizations. In other words, when it comes to services, despite the small number of relevant empirical studies, there seems to be a stronger consensus that a certain “cultural amalgam” of a market- and of a clan-type culture relates closely with market-orientation adoption.

Although existing literature has not yet considered the relation between the company’s dominant cultural archetype and IMO development, it appears reasonable to expect that the same cultural mix will influence the adoption of the IMO concept since the latter is the internal facet of the marketing philosophy (Grönroos, 1983; Piercy, 1995; Gounaris, 2006). On these grounds, the following hypothesis is investigated:

H1. A clan-type cultural archetype will influence the adoption of the IMO concept.

The impact of IMO adoption on IM program implementation

Companies sharing the appropriate cultural mix and developing the IMO concept will be almost inevitably more inclined to implement IM programs and will also be more effective in doing so. The Fit theory (Chatman, 1991; Nadler and Tushman, 1980) and the contingency perspective (Dewar and Werbel, 1979) provide the grounds for this position. People choose vocations trying to fit their own personalities with their career (Super, 1953), because this enhances employee’s job satisfaction (Nadler and Tushman, 1980). Consequently, people select themselves into jobs that best match their abilities and interests (Wilk *et al.*, 1995). However, as markets change, so do the company’s objectives. Therefore, jobs and working conditions alter accordingly (Child, 1974). Employees may thus find themselves eventually in a miss-fit situation, which affects negatively their satisfaction with their job. A company caring for its people would seek to rectify this and recover employee’s satisfaction with his/her job. Such an organization could potentially implement an IM program to re-establish employee job satisfaction.

However, a working climate and a job position entailing, for instance, great doses of empowerment and participation in decision making, is not necessarily equally attractive for all employees. Moreover, informal communication, another tool of IM, entails the potential for greater ambiguity in communication (Johlke and Duhan, 2001), which may also affect negatively job satisfaction (Gregson and Wendell, 1994). Hence, massive IM programs, without prior commitment to understand employees’ needs through internal-market intelligence generation, dissemination of this intelligence company-wide and responding based on this intelligence, would most probably

resemble an effort to “sell” jobs and responsibilities irrespectively of employees’ needs. In other words, it would be analogous to the effort to practice marketing for the company’s customers in the absence of a strong market orientation, which the research stream on market orientation that developed in the 1990s has shown to be both ineffective and inefficient (Greenley, 1995; Diamantopoulos and Hart, 1993; Kohli and Jaworski, 1990). By analogy thus, and given the conceptualization that IMO complements the concept of market orientation under the broader notion of marketing philosophy, adopting the IMO concept allows the company to develop better targeted IM programs with enhanced effectiveness, which, in turn, increases the company’s commitment to IM and its practice. On these grounds, the following research hypothesis is investigated:

H2. The adoption of the IMO concept influences positively the practice of IM.

The impact of IM and IMO on employee’s job satisfaction

In their recent study, Ahmed *et al.* (2003) investigated the impact of various personnel-practices or “organizational influence systems” (Galpin, 1997) on ES. Such actions include internal communication, training, interfunctional coordination, incentives and so on. The study reveals a strong positive impact on employee job satisfaction demonstrating thus the importance of IM in deriving employee job satisfaction since all these practices are components of an IM program (Ahmed *et al.*, 2003). The results are not surprising since the major objective of IM programs is to increase employee job satisfaction.

Empowerment for instance refers to allowing employees the discretion to make decisions about routine job-related activities (Bowen and Lawler, 1992; Conger and Kanungo, 1988; Bowen and Schneider, 1985; Burke, 1986). By doing so, the manager passes on control over many aspects of the service delivery process. Empowered employees feel better about their jobs and serving customers because empowerment removes the constraints the service blueprint imposes and gives employees room to maneuver when serving customers (Reardon and Enis, 1990).

Similarly, participatory management balances the involvement of managers and their subordinates in information-processing, decision-making, or problem-solving endeavors (Wagner, 1994). Participative decision making has been considered in relation to job satisfaction (Cotton *et al.*, 1988; Macy *et al.*, 1989). Empirical studies have demonstrated that participative decision making improves job satisfaction (Kim, 2002; Bluestone and Bluestone, 1992), particularly in services where first-line personnel can have significant contribution in fine-tuning customer-related policies because they actively interact with customers on a daily basis (Brewer *et al.*, 2000). Companies practicing participative management reduce the tension and conflict between customers and front-desk during the encounter, which in turn results to higher job satisfaction for contact personnel (Jong *et al.*, 2004). In addition, employees become more motivated and understanding of the nature of the firm’s business and problems (Pitt and Foreman, 1999). On these grounds, the following hypothesis is investigated:

H3. The application of an IM program will influence positively employee’s job satisfaction.

However, a direct impact of IMO to employee’s job satisfaction should also be considered. The application of marketing internally grounds on the same principles

that also characterize its application externally (Berry, 1987; Greene *et al.*, 1994). The research paradigm on market orientation has produced solid evidence that adopting the market-orientation concept influences customer's satisfaction not only through improving the effectiveness of the company's external-marketing effort (Narver and Slater, 1990; Hooley *et al.*, 1990) but also directly effect (Singh and Ranchhod, 2004; Blois and Dalgic, 2000; Webb *et al.*, 2000). Drawing conclusions from the market-orientation paradigm, the adoption of the IMO concept should directly influence employee's individual-level of job satisfaction because of the importance that employees' job satisfaction has for evaluating the company's IM program effectiveness (Berry, 1981; Grönroos, 1981), much in the same manner that customer-satisfaction is a major objective of the company's external-marketing effort.

Thus, since employee's job satisfaction is an immediate (internal) objective of the marketing philosophy, the adoption of the IMO concept should directly influence employee's job satisfaction. Hence, the following research hypothesis is investigated:

H4. The adoption of IMO will influence positively employee's job satisfaction.

Methodology

The study reported here involved personal interviews with front-line personnel employed in various positions (e.g. reception, restaurant, and bar) from 29 five and four stars hotels in Greece. The decision to exclude hotels with three or fewer stars grounds on the fact that smaller hotels, in terms of employees, fall in these categories. Given the scope of the study, it was felt that it would have been better to focus on larger hotels because of the higher possibilities that such hotels would have more organized personnel policies. Moreover, with such hotels it is less likely to receive employment because of personal relation or acquaintance with some middle or senior manager is less likely.

In total, three research assistants, randomly assigned with different hotels, conducted 583 personal interviews (approximately ten interviews per research assistant per day). To collect the data, a pre-notification through telephone of each hotel's management regarding the purpose of the study preceded. Having received the management's approval, the research assistants gathered individual managers and groups of first-line personnel at each hotel. Then each employee in each group received the questionnaire, filled it in and returned it to the research assistant who was present during the filling process in order to give assistance/clarifications in case the respondent needed any. Following the instructions they had received, the research assistants excluded employees with less than 12 months of work experience while providing the participants with sufficient assurance regarding the confidentiality of the responses and the nature of the study. In order to check whether the assistants were consistent in treating responses, ANOVA tests were employed which did not reveal any statistically significant difference regarding the data each assistant collected, indicating that the data is free of interviewer's bias.

With regard to variables measurement, the measures were taken or adapted from previous studies in marketing management and/or psychology in order to remain consistent with previous research.

Thus, with regards to the IM practices, we focused on three specific facets of an IM program, namely empowerment, participative management and communication mode. As far as empowerment is concerned, it was assessed based on the measure suggested by Hartline and Ferrell (1996), while the degree of employees participation in decision

making is gauged using the scale employed by Oliver and Anderson (1994). The measure employed by Johlke and Duhan (2001) is used to assess the mode of communication. Job satisfaction is measured according to the scale employed by Hartline and Ferrell (1996). Finally, in order to assess organizational culture, the measure of Deshpandé *et al.* (1993) was employed while IMO was measured using the scale suggested by Gounaris (2006). For all measures a 7-point scale, anchored 1 = “I totally disagree” to 7 = “I totally agree” was employed. The psychometric properties were assessed by means of Confirmatory Factor Analysis (CFA) while their reliability was assessed using the Cronbach’s α coefficient (see Appendix). All measures proved to be valid and reliable. The Appendix provides a summary of each measure along with pertinent statistics.

Data analysis

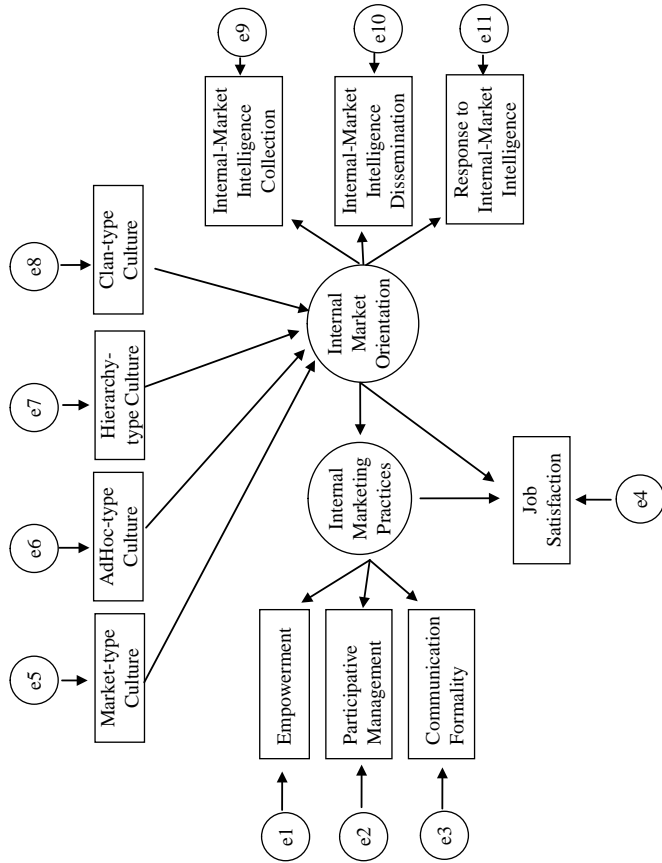
Given the data collection procedure, it is highly likely that not all responses are totally independent (Heck, 2001). In other words, the fact that multiple responses were generated from 29 different hotels warrants examining the need for conducting multilevel analysis. The first step towards this direction is to examine the intraclass correlations of the variables in the study. Particularly small intraclass correlations indicate that there is no need to form a multilevel model. Muthen (1997) suggests that intraclass correlations greater than 0.10 indicate the need to consider multilevel analysis. Table I presents the results of this analysis.

The results from this analysis clearly show that the structure of the sample explains merely a small fraction of the variance for job satisfaction and the practice of marketing internally (i.e. empowerment participative management and communication formality). However, differences in companies (between levels) explain a significant amount of the variance for culture type and degree of IMO adoption. Consequently, the analysis for these variables has to consider both between companies and within companies levels. The benefit from multilevel analysis is that it acknowledges the possibility of systematic influences of the variables at the organization level (Heck, 2001). As a result, multilevel analysis allows the researcher to draw more accurate conclusions regarding the relationships between the variables in question.

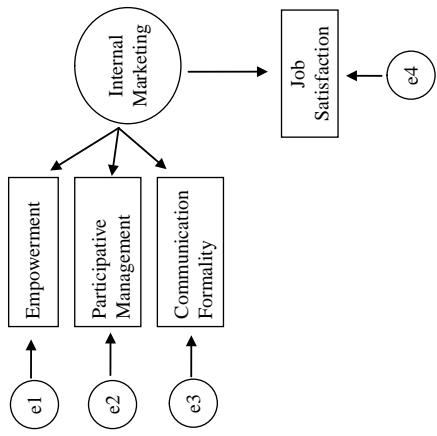
Having established the need to use a multilevel approach in analyzing the data, we developed a within and a between model to test the hypotheses put forward in this paper. Figure 2 shows the two level models.

Variable	\hat{r}
Formality	0.0451
Participative management	0.0127
Empowerment	0.0462
Job satisfaction	0.0889
Clan-type culture	0.1482
Hierarchical-type culture	0.1329
Market-type culture	0.1140
Ad hoc-type culture	0.1230
Internal market intelligence collection	0.1525
Internal market intelligence dissemination	0.1437
Response to internal market intelligence	0.1425

Table I.
Intraclass correlations of
the variables of interest



(b) Between Model



(a) Within Model

Figure 2.
A multilevel structural equations model

In order to investigate the models presented in Figure 2, we performed multilevel structural equation model using the Maximum Likelihood (ML) approach in EQS since this software, based on the work of Liang and Bentler (2004), allows to overcome the deficiencies of the ML approach when, as in this case, the sample constitutes of unbalanced groups (Byrne, 2006). Table II presents the results from this analysis along with the model fit indices.

From Table II it is clear that the model fitted the data reasonably well. Simulation research shows that, as it is the case with χ^2 , all “subjective” indices like CFI, NFI, NNFI and so on, remain somewhat dependent on sample size and estimation method (Bentler and Bonett, 1980; Chou and Bentler, 1995). However, CFI, NNFI, also known as TLI, and RMSEA are the ones having the widest acceptance in order to assess the fit of a structural model (Kaplan, 2000). If the model fits the data perfectly, CFI and TLI/NNFI get values very close to 1 and RMSEA near 0. However, values above 0.90 (CFI and TLI/NNFI) and up to 0.07 (for RMSEA) suggest a reasonably good fit of the model (Bentler, 1992).

Nonetheless, prior adopting the solution from this model, we investigated the possibility that other models would fit the data. More particularly, we considered a model with only direct effects on job satisfaction at the between-level of analysis. Although no one has theorized this particular model, empirical findings tying employee job satisfaction with the practice of marketing internally (Ing-San, 2005; Donovan *et al.*, 2004) and the company’s culture (Barnes *et al.*, 2006; Harris and Mossholder, 1996) justify the investigation. The results from the alternative model are particularly disappointing: CFI drops at 0.70, TLI also drops at 0.72 while RMSEA increases at 0.29. Hence, we rejected the alternative model and we continued to examine the research hypotheses using the model we originally tested.

With regards to the estimates from the original model, the results from the between companies level show that the combination of cultural elements found in clan-type and

	Estimates ^{a,*}	
	Within Level	Between Level
IM (F1) → Formality	0.50	0.19
IM (F1) → Participative	0.43	0.48
IM (F1) → Empowerment	0.43	0.85
IM (F1) → Job satisfaction	0.73	0.14
Clan-type culture → IMO (F2)	–	0.29
Ad hoc-type culture → IMO (F2)	–	–0.14
Market-type culture → IMO (F2)	–	–0.17
Hierarchy-type culture → IMO (F2)	–	0.08**
IMO (F2) → Internal-market intelligence collection	–	0.87
IMO (F2) → Internal-market intelligence dissemination	–	0.79
IMO (F2) → Response to internal-market intelligence	–	0.83
IMO (F2) → Job Satisfaction	–	0.85
χ^2 : 66, df = 41		
CFI: 0.94		
NNFI → TLI, pp. 0.92		
RMSEA: 0.05		

Notes: ^aValues represent standardized regression values; * all values significant at 0.05 or better, unless otherwise indicated; **non significant

Table II.
Results from
multilevel SEM

market-type companies has a strong and positive influence on the adoption of the IMO concept. *Ad hoc*ocracy has a negligible statistically insignificant positive influence, while hierarchy-type cultures appear to have a negative influence on the development of an IMO, although again the relationship does not appear to be statistically significant. The picture remains mainly the same when considering the estimates for the within-level model. Interestingly, enough, the variables intraclass correlations (based on the model) are significant. For instance, clan-type culture as well as market-type culture both have an intraclass correlation equal to 0.16, indicating that the structure of the data explains 16 percent of each variable's total variance. This is an interesting finding that will be discussed later on. With regard to *H1*, the hypothesis suggested that IMO would be a function of a cultural mix with elements from the clan-type and the market-type archetypes. Thus, as the analysis suggests, *H1* is accepted.

With regard to *H2*, the hypothesis suggests that developing an IMO would influence positively the application of IM practices. The data presented in Table II support again the hypothesis since the standardized estimate for the influence of IMO on IM is 0.54, leading to accept *H2*. The next two hypotheses are also accepted. According to these hypotheses IM (*H3*) and IMO (*H4*) influence employee's job satisfaction. Again from Table II it is clear that both variables have a significant positive direct influence on job satisfaction. However, it is worth mentioning that the influence of IMO is roughly twice as strong as the influence from IM practices. This is also an important finding that we will consider later in the paper.

Discussion and implications

When discussing the management of the salespeople in general, achieving high levels of sales personnel satisfaction with their job is an important issue for the marketing function because the relationship between sales personnel job satisfaction, performance and company performance is well established (Baldauf *et al.*, 2001).

Service organizations are open systems with permeable boundaries. Employees' attitude and their level of satisfaction with their job influence how customers perceive their treatment and the quality of the service they receive from the organization (Tomow and Wiley, 1991; Schneider and Bowen, 1985). In fact Gummesson (1991) refers to employees that influence CS as "part-time marketers". It is thus to the competitive advantage of the service organization to achieve strategic unity between its internal and external constituencies. Particularly so since recent studies reveal the difficulties facing service providers when trying to implement market orientation in practice (Harris and Ogbonna, 2000). In other words, employees' job satisfaction, particularly in service organizations, becomes a fundamental antecedent of CS and, consequently, becomes part of the marketing function's tasks. Hence, the internal pole of the marketing philosophy and the need to practice marketing internally.

The results from this analysis give some very interesting insights regarding the antecedents of IM programs application, as well as of the impact of establishing an internal role for the marketing function on employee job satisfaction. Starting with the latter, this study shows that employee job satisfaction is a function of both internal-marketing specific actions (e.g. empowerment, participative decision making and informality of communication) as well as of the adoption of the IMO concept (Gounaris, 2006; Lings, 2004). Given the significance of employee job satisfaction to the company's overall marketing strategy success (Schneider and Bowen, 1999;

Schmit and Allscheid, 1995), establishing the direct effect of IM practices on job satisfaction is important (Day, 1994) and reveals the crucial role of IM in fostering market-driven organizational capabilities.

However, the stronger direct impact of IMO adoption on job satisfaction as well as the direct impact adopting the IMO concept on IM practices that this study reveal are probably even more important. Employee job satisfaction and employee performance are two interrelated notions, which influence eventually the performance of the service organization and its ability to successfully implement the marketing philosophy (Schneider *et al.*, 2003). The relationship between IMO and job satisfaction suggests that companies missing an IMO are less successful in shaping the necessary service climate that enhances ES and, at the same time, influences the effectiveness of market orientation adoption (Harris and Ogbonna, 2000). The relationship between the IMO concept and IM practices reveals the prerequisite to develop a strong company orientation towards understanding the needs of the employees, sharing this knowledge of employees' needs as well as the company's marketing strategy priorities company-wide and also being responsive to and caring for the needs of the employees when forming the service and marketing strategy of the service organization.

One implication from these findings is that the IMO concept is a potential basis for developing a sustainable competitive advantage. Albeit the direct relationship between ES and financial performance is not always confirmed, as for instance in the studies of Wiley (1991) and Keiningham *et al.* (2006), there is compelling evidence that employee job satisfaction influences CS (Schmit and Allscheid, 1995; Schneider *et al.*, 2003), which is known to influence the company's financial performance, which in turn may well explain the meta-analytic results of Harter *et al.* (2002) regarding the positive influence of employee attitudes on company performance. Hence, it appears that satisfied and committed employees contribute in developing more satisfied and loyal customers, which in turn may translate to financial performance improvements. This justifies an internal role for the marketing function (Berry *et al.*, 1976).

Since Berry *et al.* (1976) first suggested an internal role for the marketing function, scholar enquiry on IM programs evolved significantly. According to a still growing body of knowledge, academia considers the application of marketing internally to be analogous to the principles that govern the way a company applies marketing externally (Berry, 1987; Greene *et al.*, 1994), within a broader relationship marketing paradigm (Grönroos, 1983) of implementing the marketing philosophy. This means that the IMO concept has an internal focus but an external orientation that is to align the company's marketing strategy with its employee-related capabilities (Gounaris, 2006). Intensified competition drives an increasing number of service providers to pursuit customer-service excellence strategies and increases their orientation towards their customers (Matear *et al.*, 2002). But, as noted earlier, employees can be an impediment to this effort unless the company uses an IM program to develop customer consciousness among them (Grönroos, 1983). What this study has shown is that by adopting the IMO concept the company can develop and implement an IM program even more effectively. This explains why the adoption of the IMO concept could potentially serve as a significant basis of competitive advantage.

A relevant implication from the study is that it offers a possible explanation as to why the number of companies practicing marketing internally remains relatively small (Rafiq and Ahmed, 2000). In the absence of a strong IMO it is probably unlikely that

the company will assign a systematic internal role to the marketing function and, consequently, the practice of marketing internally will be minimal or erratic. This situation would basically resemble a company practicing marketing for its customers while lacking a market orientation. Hooley and Lynch (1985, p. 72) have referred to this as “paying lip-service to marketing” and Houston (1986) has explained why the practice of marketing without the proper orientation becomes marketing malpractice.

In exploring further the antecedents of IM practice this study investigated the impact of the IMO concept and the company’s cultural archetype within a single integrated research model. In this respect another very interesting finding from this study pertains to the impact of the organization’s cultural archetype on the development of an IMO. As the analysis showed, having a mix of clan-type and market-type values at the corporate level influences positively the adoption of the IMO concept. Clan-type values give a priority to the employee, foster cohesion among teams and improve the morale in the organization. The impact of having this set of beliefs on the adoption of IMO is almost self-evident. However, as the analysis also shows, IMO adoption is also a function of emphasizing tasks achievement and goal accomplishment too, while measuring results and performance deviations from objectives.

This finding stresses, in a very relevant manner, the external orientation of the IMO concept discussed earlier. Drawing from the work of Deshpandé and Webster (1989) and of Deshpandé *et al.* (1993), it appears that market-type cultures nurture the adoption of the market orientation concept. Thus, the relationship between IMO and market-type culture provides a preliminary substantiation of the relationship between IMO and MO with the former serving as the complementary pillar under the broader notion of the marketing philosophy.

This finding is important for two reasons. Without entirely resolving the issue, this study adds to the developing evidence regarding the appropriateness of the personnel-focused organization for service companies, even when the service requires hard-technology, like for instance with telecommunications. Infrastructure, operations and personnel are the major resources but personnel (back- and front-desk alike) is crucial because during some stage or another of the service delivery customers interact with front-desk personnel who, in turn, rely on their colleagues from back-office in order to handle customer requests. Also, human behavior is hard to control and this induces great doses of heterogeneity in the “product” the customer ultimately receives (Zeithaml *et al.*, 2002). This study has shown that clan-type organizations, when vested with elements of a market-type cultural archetype, adopt the IMO concept by emphasizing on teamwork and respect for the employee (Berry, 1999), which, in turn, facilitates the implementation of IM programs, which help dissolve problems pertaining to customer-service and employees. Thus, the company has also to nourish market-based values. Dedication to goals achievement and control allows the company to monitor its ability to sustain high levels of ES and take corrective actions if and where necessary.

Practical implications

The implications from this study for practitioners are also significant. Although the investigation of the association between CS and employee job satisfaction is beyond the scope of this study, there is a growing number of empirical studies that report a strong correlation between the two (Schneider *et al.*, 2003; Schneider and Bowen, 1999; Schlesinger and Zomitsky, 1991). In other words, service providers have to ensure the

satisfaction of their employees before they can derive CS. An important implication for practitioners is that employees' job satisfaction is an important (internal) marketing priority and consequently, as this study shows, there is a need to develop and adopt the IMO concept and particularly those companies seeking differentiation through customer service excellence.

Practically, this would require the service organization to invest in the three pillars of the IMO concept that were discussed earlier. However, prior of or while doing so, service organizations need to fine-tune their system of values and their corporate culture. Some authors would claim that culture is an unmanageable variable (Jelinek *et al.*, 1983). Yet, there are compelling empirical findings that demonstrate the possibility for a company to actually change its culture (Deshpandé and Webster, 1989; Deshpandé *et al.*, 1993). Hence, the first priority for the service organization is to enhance clan-type and market-type cultural elements and then focus on developing the constituents of the IMO concept.

In responding to this priority, practitioners can adopt a two-facet strategy for fostering the appropriate culture and the IMO concept (Slater and Narver, 2000). The first refers to a "programmatically approach" that seeks to establish the core set of values and beliefs at company wide level. The second, the "market-back approach", seeks to create knowledge on how the company can better create and deliver employee value. While the former is mainly educational in nature and involves seminars, formal training and so on, the latter requires service providers to take specific actions towards re-engineering their processes, procedures and structures based on continuous learning from its actual employee-value-creation performance.

In particular, when it comes to the "market-back" approach, developing the IMO concept requires a major restructuring of employee-related company practices. The findings from this study can help service providers by offering them with a set of prioritized actions that can actually guide this effort. These priorities pivot around the major- and the sub-dimensions of IMO. For instance, actions towards this direction would include increased emphasis on understanding the needs of employees at the individual level as well as monitoring the developments in the labor market and the impact that they have upon employee's expected value. Similarly, companies seeking to develop the IMO concept should ensure that internal communication channels effectively carry to employees the company's external market objectives while convey to the management the employee's requirements to meet customer service objectives. Through this re-orientation process, service providers can, progressively, increase their IMO and, consequently the use and the effectiveness of internal-marketing programs. The eventual outcome of the entire process should result in higher levels of employee job satisfaction, a significant prerequisite of CS.

Limitations and future research

Despite its contribution for both academics and practitioners, the study is not free of limitations, which, however, future research can easily address.

A first limitation pertains to the sample of the study, and more specifically, three issues are of concern. The first issue refers to the position of the respondents. By focusing on contact personnel only the study excluded back-office employees although IMO applies to them too. The reasoning behind this decision was that given

the emphasis of IM on front-desk personnel, the initial attempt to develop an integrated framework, albeit preliminary in nature, for studying the antecedents and consequences of IMO should have the same focus. However, including back-office personnel in the sample is necessary prior drawing any unassailable conclusions. This is one direction for future research.

A second issue regarding the structure of the sample is the industry. This study focuses only on the hotel industry. Multiple encounters between individual customers and customer-serving employees characterize the hotel industry. Yet, many other service industries (e.g. financial services, catering) share the same characteristic. A research focusing exclusively on a single industry avoids the pitfalls associated with cross-section samples but, on the other hand, lacks the ability to generalize. Equally important is also the fact that the sample was consciously confined to include only relatively larger hotels. Unavoidably the majority of the service companies in this industry are thus excluded. The rationale for this decision was outlined earlier in the paper but, nonetheless, future research is certainly required before the relationships that this study reveals can be generalized.

Finally, the third issue regarding the study's sample pertains to the national context of the study, which also put constraints on the ability to generalize for other companies and other national contexts, particularly so when the research framework treats culture as a significant element. Nonetheless, none of these three issues diminish the contribution of this study while, future research may easily tackle them. Attempts to tap these issues would all represent direction that future researchers may wish to pursue.

Another limitation of the study refers to the company's IM program. This study focuses on three specific aspects of the company's IM effort. Other aspects, such as for instance recruitment procedures and systems, job-performance assessment and feedback, should also be part of a broader investigation because they could possibly explain a larger proportion of employee's job-satisfaction variance. Since the scope of this study is on the antecedents and consequences of IMO, this is not a serious weakness. Nonetheless, future researches aiming at improving our understanding regarding the impact of IMO on the effectiveness of the company's IM program need to consider more aspects of IM as, for instance, described by Berry and Parasuraman (2000) or by Grönroos (1981, 1995).

With regards to employee's job satisfaction, pertinent studies have shown that it is a function of various parameters, e.g. role clarity or career potential. None of these studies has included the concept of IMO, while the present study did not incorporate any of these parameters. Thus, a direction for future research that would allow a more comprehensive assessment of the IMO concept adoption on job satisfaction would be to examine a greater number of antecedents to job satisfaction, the IMO concept included, within a single research framework.

Having said this, it has also to be noted that this study focuses on job satisfaction alone whereas other consequences of adopting the IMO concept, such as for instance, absenteeism and employee turnover reduction or company commitment enhancement may well exist. Moreover, an important consequence of the IMO concept adoption is the improved internal climate and service consciousness of the employees, which in turn translates to greater levels of CS. Hence, future researchers may wish to turn their attention towards this direction and investigate a more holistic framework of the IMO concept adoption.

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Appendix

(The Appendix table follows overleaf.)

Table A1.
Measures employed in
the study and relevant
statistics

	Mean values	Std. Deviation	Item-to-total correlations	Fit indexes
<i>Job satisfaction</i>				GFI = 0.99 AGFI = 0.96 RMSEA = 0.06 $\alpha = 0.81$
Satisfaction with overall job	5.07	1.96		
Satisfaction with supervisor(s)	5.69	1.45	0.56	
Satisfaction with the organization's policies	5.75	1.63	0.56	
Satisfaction with support from the company	4.65	1.81	0.62	
Satisfaction with opportunities for advancement	5.13	1.83	0.55	
<i>Culture</i>	4.15	2.02	0.64	
<i>Ad hoc</i> racy				GFI = 0.95 AGFI = 0.91 RMSEA = 0.07 $\alpha = 0.76$
My division is very dynamic and entrepreneurial. People are willing to stick their necks out and take risks	4.87	1.52		
My supervisor is generally considered to be an entrepreneur, an innovator, a risk taker	4.89	1.93	0.55	
The glue that holds my division together is a commitment to innovation and development.	4.50	2.18	0.42	
We have an emphasis on being first	5.10	2.00	0.72	
My division emphasizes growth and readiness to meet new challenges	5.04	1.85	0.57	
<i>Clan</i>	5.47	1.41		$\alpha = 0.90$
My division is very personal. Like an extended family	5.52	1.72	0.92	
My supervisor is generally considered to be a mentor or father/mother figure	6.11	1.41	0.89	
The glue that holds my division together is loyalty and tradition. Commitment to this firm is high	4.58	1.57	0.92	
My division emphasizes human relations. Cohesion and morale are important	5.68	1.70	0.47	

(continued)

	Mean values	Std. Deviation	Item-to-total correlations	Fit indexes
<i>Hierarchy</i>				$\alpha = 0.75$
My division is very structured and pays attention to hierarchy	5.52	1.30		
My supervisor is generally considered to be a coordinator, an organizer or an administrator	5.37	1.72	0.46	
The glue that holds my division together is formal policies and rules. Smoothing service operations is very important	5.45	1.90	0.49	
My division emphasizes. Permanence and stability. Efficient operations are important	5.54	1.69	0.63	
<i>Market</i>				$\alpha = 0.97$
My division is very job oriented. The priority is to get the job done	5.72	1.61	0.57	
My supervisor is generally considered to be a producer, an expert or a hard-driver	3.42	1.98		
The glue that holds my division together is the emphasis on tasks and goal accomplishment	4.14	1.55	0.91	
My division emphasizes actions and achievement. Measurable goals are important	3.30	2.20	0.97	
<i>Aspects of internal marketing program</i>				
<i>Participative decision making</i>				
Decisions are made at the top around here (r)	2.97	2.11	0.97	
First-line employees and supervisors tend to hammer out issues together in this company	3.24	2.24	0.98	
My boss actively seeks my ideas all the time	3.75	1.98		GFI = 0.98 AGFI = 0.93 RMSEA = 0.08 $\alpha = 0.96$
Supervisors make decisions without much regard for what first-line employees thing (r)	3.79	2.07	0.89	
<i>Empowerment</i>				
My supervisor allows me to use my own judgment in solving problems	3.78	2.11	0.94	
	3.77	2.05	0.93	
	3.65	2.10	0.90	
	5.91	1.92		GFI = 0.99 AGFI = 0.97 RMSEA = 0.07 $\alpha = 0.90$
	5.20	1.96	0.76	

(continued)

Table AI.

Table AI.

	Mean values	Std. Deviation	Item-to-total correlations	Fit indexes
My supervisor encourages me to take initiatives	5.31	1.94	0.86	
My supervisor allows me a high degree of initiative	4.83	2.12	0.82	
My supervisor trusts me to exercise good judgment	5.6	1.76	0.66	
<i>Formalization</i>	4.67	1.12		GFI = 0.98 AGFI = 0.96 RMSEA = 0.06 $\alpha = 0.82$
If a rule does not cover some situation, we make up informal rules for doing things as we go along (r)	3.81	2.18	0.65	
There are many things in my company that are not covered by some formal procedure for doing it (r)	4.92	1.83	0.67	
Usually, my contact with my company involves doing things "by the book"	4.56	2.14	0.59	
Contact with management and my supervisors is on a formal, pre-planned basis	4.66	1.83	0.60	
I ignore the rules and reach informal agreements to handle some situations (r)	5.03	1.94	0.58	
When rules and procedures exist in my company, they are usually in written format	5.07	1.91	0.61	
<i>Internal-market orientation</i>	4.29	1.30		GFI = 0.98 AGFI = 0.96 RMSEA = 0.07, $\alpha = 0.84$
<i>Internal intelligence collection</i>	4.24	1.67		GFI = 0.97 AGFI = 0.94 RMSEA = 0.05 $\alpha = 0.81$
<i>Identification of exchanges of value</i>	3.82	1.89	0.73	
This company emphasizes on understanding our needs	4.670	2.12	0.67	GFI = 0.97 AGFI = 0.92 RMSEA = 0.07 $\alpha = 0.89$

(continued)

	Mean values	Std. Deviation	Item-to-total correlations	Fit indexes
My supervisor sees that we all meet regularly so that we have the chance to say what we expect from the company	3.874	2.34	0.83	
At least once per year we fill in questionnaires regarding our needs and wants from the company	2.995	2.36	0.65	
Our management seeks to find out what competitors do to keep their employees satisfied	3.567	2.16	0.70	
Assessing our job satisfaction is an important task for our supervisor	4.020	2.30	0.79	
<i>Aware of labor-market conditions</i>	4.66	1.76	0.67	GFI = 0.99 AGFI = 0.98 RMSEA = 0.01 $\alpha = 0.88$
This company is informed about legal development in the labor market	5.301	1.87	0.70	
This company is aware of employment rates in our industry	4.808	2.06	0.83	
This company is informed about new jobs created in other industries that could attract employees from this firm	4.503	2.11	0.78	
This company is systematically analyzing the working conditions of employees working in competition	4.037	2.15	0.69	
<i>Internal-intelligence dissemination</i>	4.79	1.48	0.64	GFI = 0.98 AGFI = 0.94 RMSEA = 0.06 $\alpha = 0.81$
<i>Communication between managers and employees</i>	5.05	1.39	0.75	GFI = 0.98 AGFI = 0.95 RMSEA = 0.07 $\alpha = 0.86$
Before any policy change my supervisor informs me phase-to-phase in advance	5.424	2.01	0.63	
My supervisor is sincerely listening about the problems I have doing my job	5.432	1.92	0.76	

(continued)

Table AI.

	Mean values	Std. Deviation	Item-to-total correlations	Fit indexes
My supervisor is sincerely concerned about personal problems I have that may affect my performance	4.913	2.09	0.62	
My supervisor is never too busy to talk with me when I need him	5.502	1.98	0.55	
My supervisor spends time informing me about my tasks my objectives and to reach an agreement with me	5.227	1.94	0.68	
<i>Communication among managers</i>	4.54	2.02	0.75	GFI = 0.99 AGFI = 0.98 RMSEA = 0.04 $\alpha = 0.91$
The supervisors in this company meet regularly to discuss subordinates' problems and listen to what the other supervisors have to say	4.783	2.09	0.87	
If an employee in this company is faced with a serious problem, the supervisors from other departments will become aware of it in no-time	4.464	2.35	0.90	
This company encourages our supervisors to meet and discuss among them issues concerning their subordinates	4.404	2.05	0.66	
In many occasions, the solution to a problem I had came from a supervisor from a different department not from my direct supervisor	4.509	2.57	0.75	
<i>Response to internal-intelligence</i>	3.85	1.31	0.75	GFI = 0.95 AGFI = 0.93 RMSEA = 0.03 $\alpha = 0.85$
<i>Internal-market segmentation</i>	4.06	2.01	0.64	GFI = 0.99 AGFI = 0.98 RMSEA = 0.04 $\alpha = 0.94$
In this company employees are identified in groups based on our individual characteristics and needs	4.106	2.17	0.91	

(continued)

	Mean values	Std. Deviation	Item-to-total correlations	Fit indexes
Before any policy change is introduced our individual characteristics have always been considered in advance	4.201	2.13	0.84	
All employees are treated exactly the same way	3.987	2.23	0.91	
Individual needs are ignored (r)	3.954	2.14	0.82	
Our individual needs are systematically assessed in this company	4.06	1.50	0.60	GFI = 0.98 AGFI = 0.93 RMSEA = 0.07 $\alpha = 0.76$
<i>Internal-segments targeting</i>				
Every important decision regarding human-resource policies is always adapted according to our individual needs	3.962	2.03	0.76	
Specific human-resource policies are always considered for specific groups of employees with a common set of needs	3.734	1.97	0.38	
No action is ever taken unless its impact on specific groups of employees with common needs is evaluated	4.108	2.07	0.51	
The human-resource related policies apply to everyone. Individual needs are never considered (r)	4.449	1.76	0.62	
<i>Job description</i>	4.41	1.71	0.68	GFI = 0.99 AGFI = 0.99 RMSEA = 0.01 $\alpha = 0.81$
My job description allows me to satisfy my personal needs and goals through my work	4.383	2.04	0.68	
Nothing has ever been assigned to me unless my supervisor and I had agreed that I could really do it	4.840	2.00	0.60	
The tasks I am assigned with help me to advance my career with this company	4.099	2.47	0.61	

(continued)

Table AI.

	Mean values	Std. Deviation	Item-to-total correlations	Fit indexes
My supervisor is expected to justify my job description and the tasks I am assigned with to more senior levels of management	4.321	2.08	0.60	GFI = 0.98 AGFI = 0.93 RMSEA = 0.08 $\alpha = 0.85$
<i>Remuneration system</i>	2.74	1.68	0.70	
When I do something extraordinary I know that I will receive some financial bonus/reward	2.517	2.02	0.59	
My income and the annual increases are dependent only to the Union's bargaining with the employers side (r)	2.713	2.12	0.82	
My income and the annual increases are very closely tied to my qualifications and my performance	2.707	2.12	0.82	
Everyone gets an annual bonus regardless of their performance (r)	2.576	2.16	0.54	
My income and the annual increases are much related to those of people with similar qualifications working in this or any other industry	3.177	2.19	0.57	GFI = 0.99 AGFI = 0.97 RMSEA = 0.07 $\alpha = 0.77$
<i>Training</i>	4.15	1.66	0.54	
In this company. Training is closely related to the individual needs of each employee. Massive training seminars are avoided when possible	3.923	2.15	0.48	
A newly hired employee will have to find his own answers to the requirements of the job (r)	4.364	2.09	0.68	
Before the implementation of a major change in service rules we always get significant training regarding its impact on our daily activities and job description	3.682	2.25	0.59	

(continued)

	Mean values	Std. Deviation	Item-to-total correlations	Fit indexes
If one is moved from one department to another, the new supervisor will personally train him/her for a pre-specified period of time. <i>Management concern</i>	4.662 3.67	2.13 1.86	0.53 0.66	GFI = 0.98 AGFI = 0.94 RMSEA = 0.06 $\alpha = 0.83$
The Senior Management of this company is really indifferent for our problems (t) Nothing is too expensive for our Senior Management if this would satisfy specific needs of specific groups of employees	3.533 3.473	2.19 2.10	0.60 0.71	
The Senior Management is really considering about our individual needs and makes policies that reflect it	4.025	2.18	0.74	
The Senior Management is resolved to solving our problems and giving us all required support necessary for our job	3.51	2.01	0.77	

Table AI.

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